

THE TORONTO STOCK EXCHANGE

28/3/68
11/4/68

FILING STATEMENT NO. 1606.
FILED, APRIL 25th, 1968.

MILL CITY PETROLEUMS LIMITED

Full corporate name of Company
Incorporated under the Dominion Companies Act, by Letters Patent dated August 7, 1929.
Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953 (Ontario) by Letters Patent dated May 1st, 1957).

FILING STATEMENT Reference is made to previous Filing Statement No. 1561.

(To be filed with respect to any material change in a company's affairs, including among other things, an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	Effective December 29, 1967, the company purchased from Dynamic Petroleum Products Ltd. a working interest in three (3) P. & N.G. leases comprising 640 acres in Township 110, Range 7, W6M, of the Province of Alberta (Rainbow area), and in three (3) producing Keg River reef oil wells located thereon, in consideration of the cash sum of \$400,000.
2. Head office address and any other office address.	210 - 736 - 8th Avenue S.W., Calgary, Alberta
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	Roger D. Paugh, President and Director, Petroleum Accountant 24 Cardiff Place N.W., Calgary, Alberta Frank Brown, Vice-President and Director, Executive 16 Massey Place S.W., Calgary, Alberta R. Clive Brown, Secretary-Treasurer and Director, Petroleum Engineer 24 Massey Place S.W., Calgary, Alberta A. P. Newall, Jr., Director, Executive 6925 Livingstone Dr. S.W., Calgary, Alberta A. P. Newall, Sr., Director, Stock Broker 702 Centre A. Street N.W., Calgary, Alberta
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized - 6,000,000 shares of no par value Issued and outstanding - 5,695,334 shares
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Producing properties are hypothecated to the Royal Bank of Canada under Section 82 of the Bank Act for purposes of loan security.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	None
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	None
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	The company will continue to acquire from time to time undeveloped acreage at Crown sales and otherwise and will continue to evaluate prospects to purchase proven P. & N.G. reserves. Specifically, the company will pay its proportionate share of the cost of drilling a fourth well on the properties referred to in Item No. 1 of this filing statement together with its proportionate share of all necessary production equipment. Furthermore the company plans to co-operate with associated companies in continuing the search for base metals and coal deposits.
10. Brief statement of company's chief development work during past year.	Since the date of the company's last filing statement (No. 1561 - May 4, 1967) its chief development work has involved a nine (9) well drilling program in Southern Saskatchewan which has resulted in seven dry holes and two successful oil wells. The company participated in this program to the extent of 4/9ths of the cost.
11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	None
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	None
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None

MILL CITY PETROLEUMS LIMITED

SCHEDULE "A"

ATTACHED TO AND MADE A PART OF FILING STATEMENT DATED MARCH 21, 1968

INTERLOCKING COMPANIES AND INTERLOCKING DIRECTORATE

A. ASSOCIATED COMPANIES

1. DYNAMIC PETROLEUM PRODUCTS LTD.

AUTHORIZED CAPITAL - 10,000,000 shares of no par value

ISSUED: 7,571,632, of which

(425,000 are owned by Mill City Petroleum Limited

44% (1,025,000 are owned by New Continental Oil Company of Canada Limited

(*1,880,124 are owned by Dynamic Voting Trust and Directors

TOTAL NUMBER OF SHAREHOLDERS: 5,380

DIRECTORS: Frank Brown

Archibald Park Newall, Jr.

Robert Clive Brown

Roger D. Paugh

2. ROYAL CANADIAN VENTURES LTD.

AUTHORIZED CAPITAL - 5,000,000 shares of no par value

ISSUED: 4,400,723, of which

57% (1,700,000 are owned by Dynamic Petroleum Products Ltd.

(792,000 are owned by Mill City Petroleum Limited

TOTAL NUMBER OF SHAREHOLDERS: 1,370

DIRECTORS: Archibald Park Newall, Jr. Robert Clive Brown

Frank Brown

3. MILL CITY PETROLEUMS LIMITED

AUTHORIZED CAPITAL - 6,000,000 shares of no par value

ISSUED: 5,695,334, of which

(1,068,854 shares are owned by Royal Canadian Ventures Ltd.

41% (1,193,939 shares are owned by Dynamic Petroleum Products Ltd.

(75,000 shares are owned by Consolidated East Crest Oil Company Limited

TOTAL NUMBER OF SHAREHOLDERS: 4,548

DIRECTORS: Roger D. Paugh

Archibald Park Newall, Jr.

Frank Brown

Archibald Park Newall, Sr.

Robert Clive Brown

4. PERMO GAS & OIL LIMITED

AUTHORIZED CAPITAL - 20,000,000 shares of no par value

ISSUED: 13,127,276, of which

6,096,694 shares or 46% are owned by Mill City Petroleum Limited

TOTAL NUMBER OF SHAREHOLDERS: 3,800

DIRECTORS: Robert Clive Brown

Archibald Park Newall, Jr.

Frank Brown

B. SUBSIDIARY COMPANIES OF PERMO GAS & OIL LIMITED

1. NEW CONTINENTAL OIL COMPANY OF CANADA LIMITED

AUTHORIZED CAPITAL - 10,000,000 shares of no par value

ISSUED: 6,040,000, of which

3,452,433 shares or 57% are owned by Permo Gas & Oil Limited

TOTAL NUMBER OF SHAREHOLDERS: 2,577

DIRECTORS: Robert Clive Brown

Archibald Park Newall, Jr.

Frank Brown

2. CONSOLIDATED EAST CREST OIL COMPANY LIMITED

AUTHORIZED CAPITAL - 5,000,000 shares of no par value

ISSUED: 1,599,174, of which

1,271,338 shares or 79% are owned by Permo Gas & Oil Limited

TOTAL NUMBER OF SHAREHOLDERS: 1,468

DIRECTORS: Robert Clive Brown

Archibald Park Newall, Jr.

Frank Brown

*Principal members of the Dynamic Voting Trust who are also Directors of the Company, and their respective holdings of shares of Dynamic as of February 29, 1968, are as follows:

Frank Brown	529,597 shares
Robert Clive Brown	477,072 shares
Archibald Park Newall, Jr.	475,422 shares

(This chart effective as of February 29, 1968)

FINANCIAL STATEMENTS

MILL CITY PETROLEUMS LIMITED

BALANCE SHEET

AS AT DECEMBER 31, 1967

ASSETS

CURRENT

Cash	\$ 5,348.20
Accounts receivable	93,055.18
Government of Canada bonds - at cost (market value \$16,331)	<u>21,773.75</u>
	<u>120,177.13</u>

OTHER

Operating and performance deposits	58,017.79
Special Refundable Tax	1,822.41
Agreement for Sale	<u>3,734.63</u>
	<u>63,574.83</u>

INVESTMENTS

Shares of and advances (\$2,673) to subsidiary companies at cost	2,682.29
Shares of other companies at cost	
Dynamic Petroleum Products Ltd. (market value \$663,000)	115,000.00
Royal Canadian Ventures Ltd. (market value \$277,200)	261,760.00
Permo Gas & Oil Limited (market value \$1,463,207)	2,255,776.78
Dynalta Oil & Gas Co. Ltd. (market value \$6,250)	<u>6,125.00</u>
	<u>2,641,344.07</u>

PROPERTY, PLANT AND EQUIPMENT - AT COST

Producing properties	1,099,347.17
Non-producing properties	301,866.07
Well development costs	1,296,512.48
Production equipment	500,442.64
Other equipment	<u>208,315.52</u>
	3,406,483.88
Less accumulated depletion and depreciation	<u>1,749,859.79</u>
	<u>1,656,624.09</u>

\$4,481,720.12

LIABILITIES

CURRENT

Bank loan - secured	425,100.00
Accounts payable and accrued liabilities	<u>143,706.02</u>
	<u>568,806.02</u>

SHAREHOLDERS' EQUITY

CAPITAL

Authorized	
6,000,000 shares without nominal or par value	
Issued	
5,695,334 shares	2,072,865.87

Retained Earnings

1,840,048.23
3,912,914.10

Approved on Behalf of the Board

R. Brown Director

John P. Howard Director

\$4,481,720.12

MILL CITY PETROLEUMS LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended December 31, 1967

REVENUE

Crude oil and natural gas sales, less royalties	\$ 423,204.13
Less production and processing costs	<u>132,315.37</u>
	290,888.76
Royalties	1,410.04
Interest	5,898.64
Other	<u>677.75</u>
	<u>298,875.19</u>

EXPENSE

Administrative and general	152,538.19
Exploratory costs, lease rentals, etc.	108,491.01
Interest	<u>5,848.78</u>
	<u>266,877.98</u>

CASH EARNINGS FROM OPERATIONS

31,997.21

Deduct

Depletion	101,963.30
Depreciation	66,403.37
Abandonments	
Petroleum and natural gas and mining interests	8,437.34
Well development costs (dry holes)	<u>109,419.29</u>
	<u>286,223.30</u>

Net loss before the following

254,226.09

Other charges and credits

Gain on sale of properties	462,924.38
Loss on sale of securities	<u>(2,481.25)</u>
	<u>460,443.13</u>

Net income

206,217.04

Retained earnings, beginning of year

1,633,831.19

Retained earnings, end of year

\$1,840,048.23

MILL CITY PETROLEUMS LIMITED

SOURCE AND APPLICATION OF FUNDS

For the year ended December 31, 1967

SOURCE OF FUNDS

Cash earnings from operations	\$ 31,997.21
Deduct loss on sale of Government of Canada bonds	<u>2,481.25</u>
Net funds from operations	29,515.96
Proceeds from shares issued pursuant to stock option granted	16,200.00
Proceeds from sale of properties	491,988.31
Other	<u>460.29</u>
	<u>538,164.56</u>

APPLICATION OF FUNDS

Purchase of shares of Royal Canadian Ventures Ltd.	101,760.00
Investments in and advances to subsidiary companies	1,681.99
Special Refundable Tax	448.81
Increase in operating and performance deposits	18,886.79
Petroleum and natural gas and mining interests	390,839.72
Well development costs including dry holes	117,309.95
Production equipment - net	51,712.53
Other equipment - net	<u>13,491.75</u>
	<u>696,131.54</u>
Decrease in working capital	157,966.98
Working capital deficiency, beginning of year	<u>290,661.91</u>
Working capital deficiency, end of year	<u><u>\$448,628.89</u></u>

There has been no material change in the financial position of the company between the date of this financial statement and the date of this filing statement, other than operations in the normal course of business.

Approved on Behalf of the Board

R. Brown Director

Arthur P. Chevall Director

14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	None																																																
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	<table><tr><td></td><td>Shareholdings</td></tr><tr><td>1. Dynamic Petroleum Products Ltd. Calgary, Alberta</td><td>1,193,939</td></tr><tr><td>2. Royal Canadian Ventures Ltd. Calgary, Alberta</td><td>1,068,854</td></tr><tr><td>3. Richardson Securities of Canada Winnipeg, Manitoba</td><td>372,891</td></tr><tr><td>4. Bongard, Leslie & Co. Ltd. Toronto, Ontario</td><td>98,850</td></tr><tr><td>5. A. E. Ames & Co. Toronto, Ontario</td><td>91,278</td></tr></table> <p>Beneficial owners for items #3, 4 and 5 unknown. No pooling or escrow.</p>		Shareholdings	1. Dynamic Petroleum Products Ltd. Calgary, Alberta	1,193,939	2. Royal Canadian Ventures Ltd. Calgary, Alberta	1,068,854	3. Richardson Securities of Canada Winnipeg, Manitoba	372,891	4. Bongard, Leslie & Co. Ltd. Toronto, Ontario	98,850	5. A. E. Ames & Co. Toronto, Ontario	91,278																																				
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16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	<table><tr><td></td><td>Shareholdings</td></tr><tr><td>Dynamic Petroleum Products Ltd.</td><td>1,193,939</td></tr><tr><td>Royal Canadian Ventures Ltd.</td><td>1,068,854</td></tr><tr><td>Consolidated East Crest Oil Company Limited</td><td>75,000</td></tr></table> <p>The above shareholdings represent 41% of the total shares of the company issued and outstanding.</p> <p>Reference should be made to Schedule "A" attached to and made a part of this filing statement for particulars of interlocking companies and interlocking directors. See Schedule "A" on page 2.</p>		Shareholdings	Dynamic Petroleum Products Ltd.	1,193,939	Royal Canadian Ventures Ltd.	1,068,854	Consolidated East Crest Oil Company Limited	75,000																																								
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17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<table><tr><td>Marketable Securities</td><td>Cost</td><td>Market</td></tr><tr><td>Government of Canada 3% perpetual bonds (par value \$33,500)</td><td>\$ 21,773.75</td><td>\$ 16,331.00</td></tr><tr><td>Shares of other companies</td><td>Cost</td><td>Market</td></tr><tr><td>Dynalta Oil & Gas Co. Ltd. 25,000 shares</td><td>\$ 6,125.00</td><td>\$ 6,250.00</td></tr><tr><td>Dynamic Petroleum Products Ltd. 425,000 shares</td><td>115,000.00</td><td>637,500.00</td></tr><tr><td>Royal Canadian Ventures Ltd. 792,000 shares</td><td>261,760.00</td><td>293,040.00</td></tr><tr><td>Permo Gas & Oil Limited 6,096,694 shares</td><td>2,255,776.78</td><td>1,310,789.00</td></tr><tr><td></td><td>\$2,638,661.78</td><td>\$2,247,579.00</td></tr><tr><td>Shares of and advances to subsidiaries</td><td></td><td></td></tr><tr><td>Shares of -</td><td></td><td></td></tr><tr><td>DMC Petroleum Pty. Limited 3 shares at cost</td><td>\$ 3.60</td><td></td></tr><tr><td>Mill City Petroleum (U.K.) Ltd. 2 shares at cost</td><td>6.04</td><td>\$ 9.64</td></tr><tr><td>Advances</td><td></td><td></td></tr><tr><td>DMC Petroleum Pty. Limited</td><td>1,614.19</td><td></td></tr><tr><td>Mill City Petroleum (U.K.) Ltd.</td><td>1,058.46</td><td>2,672.65</td></tr><tr><td></td><td></td><td>\$2,682.29</td></tr></table> <p>The shares of Dynamic Petroleum Products Ltd. above mentioned will only be sold or distributed upon compliance with the provisions of the Ontario Securities Act, 1966, and the requirements of the Toronto Stock Exchange.</p>	Marketable Securities	Cost	Market	Government of Canada 3% perpetual bonds (par value \$33,500)	\$ 21,773.75	\$ 16,331.00	Shares of other companies	Cost	Market	Dynalta Oil & Gas Co. Ltd. 25,000 shares	\$ 6,125.00	\$ 6,250.00	Dynamic Petroleum Products Ltd. 425,000 shares	115,000.00	637,500.00	Royal Canadian Ventures Ltd. 792,000 shares	261,760.00	293,040.00	Permo Gas & Oil Limited 6,096,694 shares	2,255,776.78	1,310,789.00		\$2,638,661.78	\$2,247,579.00	Shares of and advances to subsidiaries			Shares of -			DMC Petroleum Pty. Limited 3 shares at cost	\$ 3.60		Mill City Petroleum (U.K.) Ltd. 2 shares at cost	6.04	\$ 9.64	Advances			DMC Petroleum Pty. Limited	1,614.19		Mill City Petroleum (U.K.) Ltd.	1,058.46	2,672.65			\$2,682.29
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18. Brief statement of any lawsuits pending or in process against company or its properties.	None																																																
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	No change since last published filing statement other than as disclosed in this filing statement.																																																
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	None. No shares of the company are in the course of primary distribution to the public.																																																

CERTIFICATE OF THE COMPANY

DATED March 21, 1968

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

MILL CITY PETROLEUMS LIMITED

A. P. Newall, Jr.

CORPORATE
SEAL

R. C. Brown

Director

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)